

The Tennessee Bottle Bill and Its Impacts on Tennessee Counties: Frequently Asked Questions

1. ***Won't our county lose its annual litter grant if this bill passes?***

No. In fact, the members of the county mayors association insisted that a "hold harmless" provision be added to the bill before they would endorse it. What this bill does, essentially, is simply rename and reroute the existing litter-grants funding. Instead of the beverage distributors paying two different "litter taxes" on beer volume and soft-drink receipts (together these work out to roughly 1/8 cent per container), they will now pay a single flat "container-recovery fee" of 1/8 cent on all deposit beverages. The amount collected will be virtually the same (about \$6 million a year, currently); total payment to TDOT will be calculated using the same method used now; and TDOT will use the existing distribution formula to calculate shares to the counties and Keep Tennessee Beautiful.

2. ***Won't this bill create a burden for our grocery stores?***

No. Under Tennessee's bill, containers will not be returned to the retailer. Instead, they'll go to any of hundreds of "redemption centers" across the state. These are voluntary, independent, mostly mom-and-pop operations that will be certified by TDEC to redeem, count, sort and sell the empties. In return for this service, the redemption centers get to keep the money from the scrap sales, plus they'll be paid a "handling fee" of 1 cent per container out of the accrued unclaimed deposits. As for extra paperwork or reporting, there is none to speak of. The retailer simply pays the deposit to the distributor and collects it from the customer.

3. ***Won't this bill turn our local beverage distributors into garbage haulers?***

No. Under Tennessee's bill, the distributors have nothing to do with the collection, redemption, transportation or recycling process. The redemption centers sell the scrap directly to "processors" (scrap yards, manufacturers, etc.), who will pick it up on a regular basis.

4. ***Won't this bill drive up beverage prices, independent of the deposit?***

On the contrary, this bill will, over time, help hold prices *down*, by reducing the energy and other costs of producing new containers. This may be one reason retail beverage prices are *lower*, on average, in the 11 states that have bottle bills. It is certainly one reason that most of the major beverage-container producers in this country now support container deposits.

5. ***Tennessee is bordered by eight non-deposit states. Won't this bill drive shoppers into those states?***

Not to any appreciable degree. According to retailers and customers alike—and seconded by industry market data and USDA consumption figures—shoppers simply do not bother driving across state lines in order to avoid a 5-cent deposit they know they can get back. This is true even in Iowa, which is surrounded by six non-deposit states. And it's true in Maine, Vermont and Massachusetts, all of which border New Hampshire, a state with neither a deposit nor a sales tax. If Tennesseans are driving to other states to avoid our high sales tax—and no doubt some of them are—they will continue to do so with or without a deposit.

6. ***With so many non-deposit neighboring states, won't this bill invite rampant fraud?***

There will always be some people who, knowingly or otherwise, get a refund where no deposit was paid. Tennessee's bill includes numerous measures to minimize this, including hefty penalties. But it is rarely a significant issue (Vermont doesn't even penalize it). On average, fraudulent returns probably account for between 3 and 5 percent of returns nationally. Even in Michigan, where the deposit is 10 cents, illegal redemptions are judged to account for just 3 percent of the state's 4 billion returns annually. If fraud were widespread, one would expect redemption rates to exceed 100 percent, yet the national average is just 80 percent. And under our bill, the nickel will come not out of the distributor's or grocer's hide, but from the central "pot" of otherwise unclaimed deposits.

7. ***Won't this bill hurt our existing recycling programs and local scrap yards?***

On the contrary, it will be a boon to local recycling. In addition to increasing awareness, visibility, participation, access, quality, profitability and markets, bottle bills create a powerful recycling "ethic" in everyone from preschoolers to grandparents. It's no coincidence that states with bottle bills recycle 3 times more household waste than we do, on average, as well as 8 times as many beverage containers. They also have 10 times as many curbside programs! And scrap yards benefit, too, both from the increased flow and quality of recyclables, and from the fact that they can and probably will establish their own redemption centers.

- Though it's true that a bottle bill will capture most of a community's high-value aluminum cans, it will also remove most of its low-value glass and plastic. Numerous communities have determined that the tax-dollar savings from not having to deal with or dispose of glass and plastic actually outweigh any projected loss in aluminum revenues.
- Manufacturers love bottle-bill scrap because it is reliably high in both quantity and quality (i.e., properly sorted by color and material, and uncontaminated by foreign objects). In addition, they prefer to buy cardboard, newspaper and other fiber items from bottle-bill states, because these are far less likely to be baled up with stray bits of plastic or pieces of broken glass.
- Recycling programs don't need containers to thrive. In 2006, San Francisco's recycling program *netted* \$23.9 million, while Metro Nashville, with roughly the same population, *lost* \$1.6 million (\$2.1 million in costs against just \$470,000 in revenue).
- Under Tennessee's bill, a county can run its own redemption center, ideally at an existing convenience center, and thus boost revenue while increasing other re+ycling.
- Under Tennessee's bill, redemption centers may, if they wish, act as drop-off sites for other, non-deposit recyclables. Counties that are struggling to maintain recycling programs might wish to partner with these independent operations, or even turn recycling over to them entirely. The result will almost certainly be more recycling and greater access at less taxpayer cost.